Procure-to-Pay Capability Summary

SUBJECT: Product Service Code Management and Selection

BACKGROUND: Contract data quality is essential to analyze, forecast, and manage Department of Defense (DoD) spending. The Product Service Code (PSC) is a critical contract data element, representing the goods or services being procured. There are over 3,000 PSCs to choose from, which can make the PSC selection process challenging. To save time and increase PSC selection consistency across the Department, Defense Pricing & Contracting (DPC) developed a tool that helps users select the correct PSC for contract line items. The Comptroller and DPC partnered to establish a crosswalk between the PSCs and a Financial Management (FM) data element called the Object Class Code (OCC). Crosswalking PSCs to OCCs enables a link between budget and expenditure data that improves data integrity between procurement and FM systems and facilitates the matching of obligations and expenditures. In recent years, the Office of Management and Budget (OMB), in coordination with the General Services Administration (GSA) and the Federal Procurement Committee for eGovernment (PCE) aligned PSCs within 19 Category Management Groups, to better manage strategic sourcing across the federal government. The PSC Tool provides PSC definitions and their mappings to OCCs, North American Industry Classification System codes, and federal categories.

POLICY: The PCE maintains the list of allowable PSCs. PSC use is defined in FAR 4.1005-1 and PGI 204.7103. The OMB maintains the list of OCCs, and the DoD Financial Management Regulation (FMR) Volume 1, Appendix A governs their use in FM systems. The Director of DPC and Deputy Chief Financial Officer have jointly signed out several memoranda notifying users of the OCC to PSC crosswalk, with the most recent update in December of 2020. DPC published a memorandum identifying the PSC Selection Tool as this crosswalk's source, as well as a resource that may be used to correctly choose the PSC for an anticipated procurement.

DATA STANDARDS: PSCs and OCCs are standardized for use across the federal government. OMB and the PCE make periodic updates to PSC codes and groupings as the items purchased evolve and modernize.

INFORMATION TECHNOLOGY INFRASTRUCTURE: To improve the transparency of procurement spending, DPC created a user friendly tool designed to increase PSC selection consistency across the Department and more accurately associate PSCs to OCCs. This tool was released into production in February, 2015 and is available at http://psctool.us/.

IMPACT: The PSC selection tool increases PSC selection accuracy and enables the ability to consistently crosswalk the codes in FM and Procurement systems that represent the goods and services purchased by the DoD. These tools also give the ability to trace contract expenditures and obligations for supplies and services back to the appropriate budget category (OCC) that funded them.

CONTACT: Jessica Williams, OUSD(A&S)/DPC at 703-693-4845, jessica.m.williams126.civ@mail.mil or Jerimiah Bennett, OUSD(C)/Enterprise Data and Business Performance at 571-372-8203, Jerimiah.m.bennett.civ@mail.mil.